



SHREE TIRUPATI BALAJEE FIBC LIMITED

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS & DEALING WITH RELATED PARTY TRANSACTIONS

**[Pursuant to SEBI (Listing Obligations and Disclosure
Requirements) Regulations, 2015]**

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POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS & DEALING WITH RELATED PARTY TRANSACTIONS

Pursuant to section 188 of the Companies Act, 2013 and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

SCOPE AND PURPOSE

Section 188 of the Companies Act, 2013 (Act) read with the Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014 (Rules) introduced specific provisions relating to Related Party transactions and defined the term related parties, (material) related party transactions, relatives and key management personnel. The Act and the Rules have also laid down the financial limits and the approval process for such transactions.

Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 (“Act”) read with the Rules framed there under and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Regulation 23”). Company has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions.

Also, Regulation 23(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 requires the company to formulate a policy on materiality of related party transactions and dealing with related party transactions.

In the light of the above, the Company has framed this Policy on Related Party Transactions (“Policy”). This Policy has been adopted by the Board of Directors of the Company based on recommendations of the Audit Committee. Going forward, such policy shall be reviewed by the Audit Committee and recommend the changes to the board of directors at least once in every 3 (Three) years or as per the discretion of the audit committee as per amendments made in the Companies Act, 2013 and Listing Regulations and will updated accordingly.

DEFINITIONS

“**Arm’s length Transactions**” means a transaction between two or more Related Parties that is conducted as if they are unrelated so that there is no conflict of interest.

“**Audit Committee or Committee**” means Committee of Board of Directors of the Company constituted as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013.

“**Board**” means the Board of Directors of Shree Tirupati Balajee FIBC Limited, as constituted from time to time.

“**Company**” means a company incorporated under the Companies Act, 2013 or under any previous company law.

“**Control**” shall have the same meaning as defined in SEBI (SAST) Regulations, 2011

“**Key Managerial Personnel**” means a key managerial personnel as defined in sub-section (51) of section 2 of the Companies Act, 2013.

“**Ordinary course of Business**” means a transaction which is:-

- i. Carried out in the normal course of business envisaged in accordance with Memorandum of Association of the Company as amended from time to time;

- ii. Historical practice with a pattern of frequency; or
- iii. Common commercial practice; or
- iv. Meets any other parameters/criteria as decided by Board/Audit Committee.

“Material Related Party Transaction” means a transaction with the Related Party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, **exceeds Rs. 1000 Crore or ten percent** of the annual consolidated turnover of the company as per the last audited financial statements of the company, whichever is lower.

“Material Modification” will mean and include any modification to an existing related party transaction having variance of 25% of the existing limit as sanctioned by the Audit Committee/Board/Shareholders as the case may be.

“Policy” means Related Party Transaction Policy.

“Related Party” means Related Party as defined under Section 2(76) of the Companies Act, 2013 read with Rule 3 of Companies (Specification of Definitions Details) Rules, 2014, and regulation 2(1)(zb) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and/ or under the applicable accounting standards, as amended from time to time which has a wider scope for identification of Related Party.

“Related Party Transaction” shall have the same meaning as defined under Regulation 2(1)(zc) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

“Relative” means relative as defined under section 2(77) of the Companies Act, 2013, as amended from time to time.

“Subsidiary Company”: As per Section 2(87) of the Companies Act, 2013, a 'subsidiary company' or 'subsidiary', in relation to any other company (that is to say the holding company), means a company in which the holding company—

- (i) controls the composition of the Board of Directors; or
- (ii) exercises or controls more than one-half of the total share capital either at its own or together with one or more of its subsidiary companies:

Provided that such class or classes of holding companies as may be prescribed shall not have layers of subsidiaries beyond such numbers as may be prescribed.

Explanation — For the purposes of this clause—

- (a) a company shall be deemed to be a subsidiary company of the holding company even if the control referred to in sub-clause (i) or sub-clause (ii) is of another subsidiary company of the holding company;
- (b) the composition of a company’s Board of Directors shall be deemed to be controlled by another company if that other company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the directors;
- (c) the expression “company” includes any body corporate;
- (d) “layer” in relation to a holding company means its subsidiary or subsidiaries; Words or expressions used and not defined in this Policy, but defined in any other statute, shall have the same meanings assigned to them therein.

PROVISIONS IN RESPECT OF RELATED PARTY TRANSACTIONS

1. The company and its Subsidiary shall not enter into any transaction/contract/arrangement or any subsequent modification thereof with a related party without the prior approval of the Audit Committee unless the transaction/contract/arrangement/modification enjoys any exemption as provided under the Companies Act, 2013 or rules made there under or under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

2. The Audit Committee may grant Omnibus Approval for related party transaction proposed to be entered into by the company, subject to the conditions as stated under Regulation 23(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
3. In the event of any contract or arrangement with the related party is not in the ordinary course of business or not at Arm's Length, the company shall comply with the provisions of the Companies Act, 2013 and the rules framed there under and obtain approval of the Board or its Shareholders, as applicable, for such transaction/ contract/arrangement/modification.
4. All material related party transactions and any subsequent material modification as defined earlier shall require prior approval of the shareholders through Ordinary Resolution. However, prior approval of the shareholders of the company shall not be required for such cases as may be prescribed under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended or as notified by any regulatory authority.

The explanatory Statement for this purpose of such resolution should contain the particulars as stated under Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 as amended from time to time.

MATERIALITY THRESHOLDS

Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and section 188 of the Companies Act, 2013 read with Rule 15 of the Companies (Meeting of Board and its Powers) Rules, 2014 as amended from time to time requires a company to provide materiality thresholds for transactions beyond which approval of the shareholders through resolution will be required and the all the related parties shall abstain from voting on such resolutions whether the entity is a related party to the particular transaction or not.

The Company has fixed its materiality threshold limit as follows:

Nature of Transactions	Materiality as per Companies Act, 2013 (A)	Materiality as per SEBI LODR (B)	Material Modification as per SEBI (LODR) (C)
Sale, purchase or supply of any goods or materials directly or through appointment of agents	amounting to ten percent or more of the turnover of the company, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188 of the Companies Act, 2013.	transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds Rs. 1000 Crore or ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company, whichever is lower	All transactions with one party having variance of 25% of the existing limit.
Buying, selling or disposing of property of any kind directly or through appointment of agents	amounting to ten percent or more of net worth of the company, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188 of the Companies Act, 2013.		
Leasing of any kind of property	amounting to ten percent or more of the turnover of the company, as mentioned in clause (c) of subsection (1) of section 188 of the Companies Act, 2013.		

Availing or rendering of any services directly or through appointment of agents	amounting to ten percent or more of the turnover of the company as mentioned in clause (d) and clause (e) respectively of subsection (1) of section 188 of the Companies Act, 2013.		
Appointment to any office or place of profit in the company, its subsidiary company or associate company	Monthly remuneration exceeding Rs. 2,50,000		
Remuneration for underwriting the subscription of any securities in or derivatives thereof	Exceeding 1% of net worth		

Here, Net worth and turnover would be as per Audited accounts of preceding financial year and the Company has defined Material RPTs basis the thresholds defined in the Companies Act 2013 and Regulation 23 of the SEBI (LODR) Regulations, 2015.

IDENTIFICATION OF RELATED PARTY AND TRANSACTIONS

Each director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction.

PROCEDURE FOR APPROVAL OF RELATED PARTY TRANSACTIONS

Approval by Audit Committee:

- I) All related party transactions require prior approval of the Audit Committee. However, the Company and the Subsidiary may obtain omnibus approval from the Audit Committee for such transactions, subject to compliances with the following conditions:
 - a. The Audit Committee shall, specify the criteria for granting the omnibus approval in line with the Policy and such approval which shall include the following namely:
 - i. Maximum value of the transaction, in aggregate, which can be allowed under the omnibus route in a year;
 - ii. The maximum value per transaction which can be allowed;
 - iii. extent and manner of disclosures to be made to the audit committee at the time of seeking omnibus approval
 - iv. review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the company pursuant to each omnibus approval made;
 - v. transactions which cannot be subject to the omnibus approval by the Audit Committee
 - b. The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:-
 - i. repetitiveness of the transactions (in past or in future);
 - ii. justification for the need of omnibus approval

- c. The Audit Committee shall satisfy itself regarding the need for such omnibus approval for transactions of repetitive nature and that such approval is in the interest of the company and its Subsidiary;
- d. Remuneration and Sitting Fees paid by the company or its subsidiary to its director's/KMP's/Senior Management except who is a part of Promoter and Promoter Group shall not require approval of the Audit committee provided that the same is not material in terms of provisions of Reg. 23(1) of Listing Regulations.
- e. The omnibus approval shall provide details of
 - i. Type, material terms and particulars of the proposed transaction;
 - ii. Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise);
 - iii. Tenure of the proposed transaction(particular tenure shall be specified);
 - iv. Value of the proposed transaction;
 - v. The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided).
 - vi. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary:
 - 1. details of the source of funds in connection with the proposed transaction.
 - 2. where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances, or investments,
 - Nature of indebtedness;
 - Cost of funds; and
 - Tenure;
 - 3. applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
 - 4. the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
 - vii. Justification as to why the RPT is in the interest of the company and its Subsidiary;
 - viii. A copy of the valuation or other external party report, if any such report has been relied upon;
 - ix. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
 - x. Any other information that may be relevant.

Provided that where the need for related party transactions cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding rupees 1 crore per transaction.

- f. The Audit Committee shall review, at least on a quarterly basis, the aggregated value and other details of related party transactions transacted into by the company and its Subsidiaries pursuant to the omnibus approval given.
- g. Such omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after expiry of such financial year.
- h. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company and its subsidiaries.
- i. Any other conditions as the Audit Committee may deem fit.

- j. The maximum value per transaction which can be approved under omnibus route will be the same as per the materiality threshold as defined in the Policy.
- k. Transaction of following nature will not be subject to the omnibus approval of the Audit Committee:
 - 1. Transactions which are not at arm's length or not in the ordinary course of business
 - 2. Transactions which are not repetitive in nature
 - 3. Transactions exceeding materiality thresholds as laid down in this Policy
 - 4. Transactions in respect of selling or disposing of the undertaking of the company
 - 5. Financial Transactions e.g. Loan to related parties, Inter Corporate Deposits, subscriptions to bond, debenture or preference shares issued by the related parties, corporate guarantee given/received from related parties
 - 6. Any other transaction the Audit Committee may deem not fit for omnibus approval

Approval by members in General Meeting/through Postal Ballot:

- a) All the transactions with related parties exceeding the materiality thresholds, laid down in Materiality Threshold Limit as specified in the Policy, are placed before the shareholders for approval.
- b) For this purpose, all entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not. However, this condition shall not apply in respect of a resolution plan approved u/s 31 of the Insolvency and Bankruptcy Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
- c) All kinds of transactions specified under Section 188 of the Act which
 - are not at Arm's Length or not in the ordinary course of business; and
 - exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 are placed before the shareholders for its approval.
- d) However, the requirement of shareholders' approval shall not be applicable for transactions entered into between the company and its wholly owned subsidiary whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval.
- e) The transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
- f) At the time of taking the approval of members, the company is required to disclose certain items in the Explanatory statement u/s 101 of the Companies Act, 2013 and shall contain all the particulars as specified in Rule 15 of the Companies (Meeting of Board and Its Powers) Rules, 2014 and Details given in Para 6 of SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/ P/2021/662 dated 22nd Nov., 2021, as amended from time to time.

DISCLOSURES

The Company shall disclose the following:-

- 1) In the Board's report, transactions prescribed in Section 188(1) as specified in Form AOC-2;
- 2) In Corporate Governance Report which is required to be submitted to the Stock exchange on Quarterly Basis;
- 3) The company shall disclose the Transactions with Related Party to the Stock Exchange on half yearly basis in prescribed format to the Stock Exchange as prescribed under Reg. 23(9) of the SEBI (LODR) Regulations, 2015 and the same shall be hosted on the website of the company;

- 4) The company shall disclose the policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report;
- 5) In the Annual Report as prescribed in Schedule V of the SEBI (LODR) Regulations, 2015;
- 6) The Company shall keep and maintain a register, maintained physically or electronically, as may be decided by the Board of Directors, giving separately the particulars of all contracts or arrangements to which this policy applies and such register is placed/taken note of before the meeting of the Board of directors.

EXEMPTION:-

As per provisions of the SEBI (LODR) Regulations, 2015 and Companies Act, 2013 for the time being in force and in line with Notification dated June 5, 2015 issued by Ministry of Corporate Affairs (MCA), the requirement of obtaining prior approval of shareholders shall not be applicable to:-

1. Transactions to be entered into between TIRUPATI and its wholly-owned subsidiary(ies) whose accounts are consolidated with TIRUPATI accounts and placed before the shareholders at the general meeting for approval, and
2. TIRUPATI in respect of contracts or arrangements entered into by it with any other Government Company.

RATIFICATION OF TRANSACTIONS WITH RELATED PARTIES WHICH WERE ENTERED WITHOUT APPROVAL OF AUDIT COMMITTEE/ BOARD / SHAREHOLDERS, AS THE CASE MAY BE.

In exceptional circumstances, where it is not feasible to seek prior approval of the Audit Committee, Board of Directors and / or shareholders, as the case may be, in respect of any Related Party Transaction, then it shall be required to be ratified by the Audit Committee, Board of Directors and/or shareholders, as the case may be, within a period of three months of entering into Related Party Transaction.

Further, while submitting proposal for ratification of Related Party Transaction by the Audit Committee / Board / shareholders, the concerned Division shall incorporate adequate justification for entering into Related Party transaction without seeking prior approvals, in the Agenda note.

In circumstances where:

- (i) any transaction involving any amount not exceeding Rupees one crore is entered into by a Director or officer of the Company, without obtaining the approval of the Audit Committee, and/or
- (ii) any contract or arrangement is entered without prior approval of the Board or shareholders, as the case may be;

and the same is not ratified by the Audit Committee / Board / shareholders within three months from the date of the transaction or date on which such contract or arrangement was entered into, such transaction shall be voidable at the option of the Audit Committee/Board/shareholders, as the case may be, and if the transaction, contract or arrangement is with the related party of any Director or is authorized by any other Director, the Director concerned shall indemnify the Company against any loss incurred by it.

REVIEW OF THE POLICY

The adequacy of this Policy shall be reviewed and reassessed by the Committee and recommend the changes to the board of directors at least once in every 3 (Three) years and updated accordingly due to any regulatory amendments or otherwise and shall be binding on the concerned Directors, KMPs and Senior Management Persons in the manner described as above.

The Policy is reviewed and amended by the Audit Committee and thereafter by the Board of Directors at their meeting held on 22nd May, 2025.